

# LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NUMBER U-37071

ENTERGY LOUISIANA, LLC, EX PARTE.

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*In re: Application for approval of the Mondu Solar Power Purchase Agreement, expansion of the Geaux Green Tariff, and cost recovery.*

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(Decided at the August 14, 2024 Business and Executive Session.)

## ORDER

### I. BACKGROUND

On December 19, 2023, Entergy Louisiana LLC., (“ELL” or “Company”) filed an Application for approval of the Mondu Solar Power Purchase Agreement, expansion of the Geaux Green Tariff, and cost recovery (“Application”). Notice of this Application was published in the Louisiana Public Service Commission (“LPSC” or “Commission”) Official Bulletin #1313 on December 22, 2023, with a 15-day intervention period. Timely interventions were received from Louisiana Energy Users Group (“LEUG”) and Alliance for Affordable Energy (“AAE”) (collectively “Intervenors”).

Following initial discovery on ELL’s Application, Staff filed *Direct Testimony and Exhibit of Lane Kollen on Behalf of LPSC* on May 28, 2024. After extensive negotiations, the ELL, Staff, and the Intervenors were able to enter into an Uncontested Stipulated Settlement (“Settlement”). This executed Settlement was filed into the record on July 1, 2024, as part of the *Joint Motion for the Scheduling of Hearing on Uncontested Stipulated Settlement Term Sheet*. A hearing on the Settlement was held on June 19, 2024.

### II. COMMISSION AUTHORITY

The Commission exercises jurisdiction over public utilities in Louisiana pursuant to Article IV, Section 21(B) of the Louisiana Constitution.

#### **LA. Const. Art. IV, Sec. 21(B) provides in pertinent part:**

The commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations, and procedures necessary for the discharge of its duties, and shall have other powers and perform other duties as provided by law.

### III. STIPULATED SETTLEMENT

On July 1, 2024 ELL, the Intervenors, and Commission Staff, pursuant to Rule 6 of the Commission's Rules of Practice and Procedure, filed the *Joint Motion for the Scheduling of Hearing on Uncontested Stipulated Settlement Term Sheet*, including Uncontested Stipulated Settlement Term Sheet, Settlement Testimony from Lane Kollen for Staff, and Settlement Testimony from Laura Beauchamp on behalf of ELL. A hearing on the Settlement was held before Administrative Law Judge ("ALJ") Verzwylvelt on July 19, 2024. At the hearing, the Parties introduced testimony and documentary evidence in support of the Settlement. ALJ Verzwylvelt issued the *Report of Proceedings and Submission of Stipulation for Consideration by Commissioners* on July 19, 2024. The Settlement resolves all issues in this proceeding. Terms of the Stipulated settlement are:

1. The Company, through its affiliate Entergy Services, LLC, conducted a competitive solicitation for renewable generating resources (the "2022 Solar RFP"), which resulted in the selection of the Mondu Solar Facility. The Mondu Solar Facility is the subject of a Power Purchase Agreement ("PPA" or the "Mondu PPA") entered into between ELL and Mondu Solar, LLC, which is an indirect wholly owned subsidiary of NextEra Energy Capital Holdings. The PPA was included with the Company's Application as HSPM Exhibit LKB-3 to the Direct Testimony of Laura K. Beauchamp. The competitive bid process and the selection of the Mondu Solar Facility complied with the requirements of the Commission's 1983 General Order and the Market-Based Mechanisms ("MBM") Order.
2. The Mondu Solar Facility and the Mondu PPA serve the public convenience and necessity, are in the public interest, and are therefore prudent in accordance with the Commission's 1983 General Order. If the Mondu PPA is modified, amended, supplemented, or revised in any way that would impact the cost, economics, or delivery date of the Mondu Solar Facility, the Commission's approval does not extend to those modifications. If the terms of the Mondu PPA are renegotiated or otherwise changed subsequent to the Commission's approval of the Mondu PPA, the Company will inform the Commission in a timely manner, not later than 30 days after any of these events, identify and describe those changes, and, to the extent that those changes increase the cost of the Mondu Solar Facility for ELL by more than five percent (5%) of what has been disclosed in the Company's Application,

perform and provide an updated economic analysis demonstrating the economic effect of same. Nothing in the Commission's approval of the Mondu PPA shall be construed as constituting a pre-approval of such changes or as limiting the Commission's ability to institute a prudence review of such changes.

3. The Mondu Solar Facility is deemed eligible for inclusion in the Geaux Green Option Rider ("Rider GGO") resource portfolio. GGO subscription fees shall be updated in accordance with the methodology and timetable approved in LPSC Order No. U-36190 and as described in the Direct Testimony of Elizabeth Ingram submitted in this proceeding.
4. The capacity-related and energy related components of ELL's payments pursuant to its participation in the Mondu PPA are to be reflected in rates as follows: (i) 25% of the PPA expense associated with the Mondu PPA are deemed to be capacity costs, and (ii) the remaining PPA costs are deemed to be energy costs. This proposed cost recovery treatment assumes that the Mondu PPA has NITS through MISO. In the event the Mondu PPA does not have NITS through MISO, then 100% of the costs of the PPA would be deemed to be energy costs.
5. ELL's prudent and reasonable energy costs (as defined above) that arise pursuant to ELL's participation in the Mondu PPA, net of offsetting Rider GGO Revenues, as allocated in accordance with the GGO Cost Allocation Ratio, are eligible for recovery through ELL's Fuel Adjustment Clause ("FAC") in accordance with the Fuel Clause General Order. In addition, MISO energy revenues will be credited and GGO bill credits will be recovered through the Company's FAC. The portion of the PPA expense deemed to be capacity costs, as provided in paragraph 4 above, net of offsetting Rider GGO Revenues as allocated in accordance with the GGO Cost Allocation Ratio, shall be recoverable through the ACM provision of the current FRP, or the successor mechanism thereto. This proceeding does not reach the issue of whether those deemed capacity costs will be subject to a realignment from the ACM into base FRP revenues and taken into account within the bandwidth calculation of the FRP. If no FRP is in place when the PPA expenses deemed to be capacity costs are incurred, the Company shall be allowed to defer the capacity costs associated with the Mondu PPA during the period from the incurrence of the cost until such time as the rates that reflect such capacity costs take effect. The Company shall be allowed to accrue interest on the net-of-tax balance of the deferred capacity costs at the then-current weighted

average cost of capital during the period in which such costs are deferred and until such deferral is reflected in rates.

6. The GGO Cost Allocation Ratio shall be redetermined to include the Mondu PPA and calculated in accordance with the methodology and timetable approved by LPSC Order No. U-36190. The reflection of these GGO subscription fee revenues through the FRP and FAC mechanisms will offset the costs that customers would otherwise incur for the Mondu PPA.
7. Commencing within six (6) months of the Commission's approval of the Mondu PPA, and terminating after the Facilities are placed into service, ELL shall file semi-annual reports in Docket U-37071 concerning the status of the construction of the Mondu Solar Facility, including updates on the schedule and other critical activities related to construction of the facilities.
8. As to the Mondu PPA, the Commission acknowledges that the terms, conditions, rights, remedies, and limitations set forth in the PPA and those set forth in other agreements attached to or otherwise incorporated into the PPA, appear to be commercially reasonable and negotiated at arm's length and in compliance with the LPSC's Orders. The Commission confirms that, to the extent that ELL acts prudently in its decision-making in administering and enforcing the contracts, and in exercising its rights and remedies under the PPA, ELL, and Entergy Corporation shareholders, shall not be responsible, beyond the remedies specified therein, absent imprudence on the part of ELL. Nothing in this agreement is intended to limit ELL's obligation to prudently manage and enforce the terms of the Mondu PPA, or to terminate the PPA, as necessary and allowed by the terms, to protect ratepayer interests. The Commission expressly reserves its rights to review whether ELL has prudently managed and enforced the terms, conditions, rights and remedies, and limitations of the Mondu PPA.
9. The Company acknowledges that all costs incurred by ELL associated with the Mondu PPA, shall remain subject to annual FRP reviews and to FAC audits, to the extent applicable.
10. The Company shall have an ongoing duty to prudently manage and administer the Mondu PPA through the term of the contract.
11. As part of its application in this matter, ELL sought a determination that it is entitled to

timely rate relief in the event it experiences adverse effects of debt imputation or lease accounting that includes the obligations under the Mondu PPA. Commission Staff found this request premature. However, if and at such time as ELL experiences adverse financial implications resulting from debt imputation or the treatment of the Mondu PPA as a long-term liability, ELL may seek rate relief. The Commission Staff, and any Intervenor in any proceeding in which ELL seeks such rate relief, reserves any rights to oppose or take any other position on such a rate relief request.

12. Except as otherwise expressly stated herein, the Parties do not seek to modify any of the terms of LPSC Order No. U-36190 and the Term Sheet approved therein, including with respect to Rider GGO and any related reporting requirements.
13. Except as otherwise expressly stated herein, this Uncontested Settlement shall have no precedential effect in any other proceedings involving issues similar to those resolved herein and shall be without prejudice to the right of any party to take any position on any such similar issue in future proceedings, including FRP proceedings, base rate proceedings, rulemakings or in other regulatory proceedings or appeals therefrom. Other than in a proceeding to approve, implement, administer, or enforce a requirement of this Uncontested Settlement, the Uncontested Settlement shall not be admissible in evidence against either the Staff, ELL or LEUG, and the terms of this Uncontested Settlement may not be used as an admission of any sort in any proceeding whatsoever except to approve or enforce the terms of this Uncontested Settlement. Nothing stated herein is intended to prohibit parties from continuing to cite to final Orders of the Commission, which Orders are the best evidence of their meaning and evidentiary or precedential value (if any).

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**IV. COMMISSION CONSIDERATION**

On motion of Commissioner Skrmetta, seconded by Vice Chairman Lewis, with Chairman Francis and Commissioner Campbell concurring, and Commissioner Greene temporarily absent, the Commission voted to approve the Uncontested Stipulated Settlement filed into the record on July 1, 2024.

**IT IS THEREFORE ORDERED THAT:**

- 1) The Uncontested Stipulated Settlement filed into the record on July 1, 2024, is accepted; and
- 2) This order is effective immediately.

**BY ORDER OF THE COMMISSION**  
**BATON ROUGE, LOUISIANA**  
September 6, 2024



A handwritten signature in blue ink, appearing to read "Brandon M. Frey".

**BRANDON M. FREY**  
**SECRETARY**

**/S/ MIKE FRANCIS**  
**DISTRICT IV**  
**CHAIRMAN MIKE FRANCIS**

**/S/ DAVANTE LEWIS**  
**DISTRICT III**  
**VICE CHAIRMAN DAVANTE LEWIS**

**/S/ FOSTER L. CAMPBELL**  
**DISTRICT V**  
**COMMISSIONER FOSTER L. CAMPBELL**

**/S/ ERIC F. SKRMETTA**  
**DISTRICT I**  
**COMMISSIONER ERIC F. SKRMETTA**

**ABSENT**  
**DISTRICT II**  
**COMMISSIONER CRAIG GREENE**